

United States Senate

WASHINGTON, DC 20510

July 28, 2009

The Honorable Peter R. Orszag
Director
Office of Management and Budget
Eisenhower Executive Office Building
1650 Pennsylvania Avenue, NW
Washington, D.C. 20503

Dear Mr. Orszag:

On July 15, 2009, a number of Senators wrote to the Secretary of Agriculture urging timely and substantial action to address the current crisis in the dairy sector. By this letter we want to impress upon you the seriousness and magnitude of the situation. Unaddressed, current circumstances threaten the long term stability of the industry, the nation's milk production infrastructure, and the livelihood of thousand of rural communities.

Section 1501 of the 2008 Farm Bill (P.L. 110-246) updated the Dairy Product Price Support Program (DPPSP) and provides flexibility for the United States Department of Agriculture (USDA) to increase support if necessary. We understand that the Secretary of Agriculture, in consultation with other senior administration officials, is reviewing proposals to provide relief under this section of the law. We strongly encourage your work toward that end.

From January though April of this year, the U.S. all-milk price has averaged \$4.80 per hundredweight *below* the U.S. average cash cost of production. And in the months since dairy farmers have continued to lose equity. Consistent anecdotal evidence suggests dairy farmers are losing about \$100 per month per cow. Urgent intervention is needed and we encourage prompt action.

Sincerely,



Senator Herb Kohl



Senator Patrick Leahy



Senator Russell D. Feingold



Senator Bernard Sanders

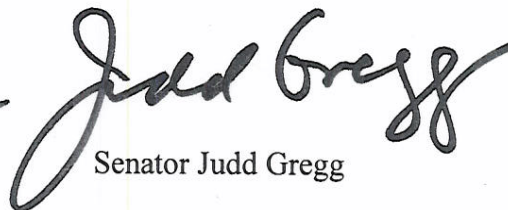
Senator Debbie Stabenow



Senator Carl Levin



Senator Jeanne Shaheen



Senator Judd Gregg



Senator Charles E. Schumer



Senator Kirsten E. Gillibrand



Senator Robert P. Casey, Jr.



Senator Arlen Specter



Senator Tom Udall

Senator Barbara Boxer